

Manitoba Centennial Centre Corporation



Annual Report 2006-07

For the year ending March 31, 2007

Cover Photo Credits:

Russell Braun (Count Almaviva), *The Marriage of Figaro*, 2006 Photo: R. Tinker
Vanessa Lawson, *Peter Pan*, courtesy of the Royal Winnipeg Ballet Photo: David Cooper
Winnipeg Symphony Orchestra photo courtesy of the Winnipeg Symphony Orchestra

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The Manitoba Centennial Centre welcomes all Manitobans and visitors to Winnipeg to a world-class facility for arts, entertainment and cultural events. In addition to providing facilities for several permanent arts and cultural organizations, the Centennial Centre attracts international and high-profile performances that will appeal to Manitobans. Our vision is multi-layered and inclusive: the Board and management of the Centre also encourage use of its practice and performance facilities by community groups.

Board of Directors

Dr. Keith Hildahl, Chair

Ms. Pat Macgillivray, Vice-Chair

Mr. Edwin Cavanaugh

Ms. Rita Chahal

Mr. Leonard Dalman

Mr. Paul Huntington

Dr. Judith Kearns

Mr. Larry Moreau

Mr. Kevin Nolan

Mr. Roy Read

Mr. Ken Shiffman

Ms. Devan Towers

Administration

Bob Sochasky, CMA, FCMA
Chief Executive Officer

Laura Proulx, CMA
Director, Finance & Administration

Edward A. Solinske
Director, Facilities Services

Catriona Macfarlane-Davies
Director, Marketing & Communications

Norbert Schuster
Director, Physical Operations

Dennis Perko
Director, Theatre & Sound Stage Operations

David G. Peterson
Manager, Facilities Services

Martin G. Kull
Manager, House Services

Message from the Chair and Chief Executive Officer

From the beloved smash hit musical *The Phantom of the Opera* to legendary rock icon Alice Cooper, 2006-07 was a banner year for the Manitoba Centennial Centre Corporation (MCCC). The Centennial Concert Hall and the Manitoba Production Centre, both directly administered by the MCCC, strengthened services by upgrading facilities; improving customer service and business practices; developing community initiatives; and, most importantly, exceeding operating budget targets.

As part of our commitment to **supporting arts and culture in Manitoba**, we have provided rent reductions of \$221,000 to our resident companies: Manitoba Opera, Royal Winnipeg Ballet and Winnipeg Symphony Orchestra; awarded Rossburn Collegiate funds to purchase much needed staging equipment through our Foundation of the Future fund; financially supported youth orientated programming, such as the Winnipeg Youth Orchestra and Girl Guides, through the Maitland Steinkopf Youth Fund; appointed local artist Neil Kolton as art curator of the Piano Nobile Gallery; and provided the Manitoba Society of Artists an opportunity to display members' artwork in the refurbished lower level concourse display case.

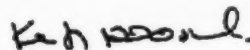
As the city's cultural hub, we pride ourselves as a community partner and in fostering **social responsibility**. In addition to offering performances from around the world, we are the home to numerous community events, including: dance recitals, high school band concerts and graduations. We also support numerous community organizations, including: facility support to the 2006 CFL Grey Cup Committee; continued support of the United Way campaign; neighborhood policing through the Exchange District Biz Foot Patrol; and providing staff with first aid/CPR training to assist guests or employees within the complex.

Through our friendly and knowledgeable staff, **customer satisfaction** remains our number one priority. Facility improvements this past year, included: installing a first balcony lighting rail and family washroom in the Centennial Concert Hall; increased backstage security measures to further protect patrons and clients; and improving "Sennheiser" coverage for the hearing impaired. We are also in the process of completing a barrier free handicap ramp to provide greater access to the Centennial Concert Hall.

The safety and security of our employees is of great importance to the MCCC. To that end, we've improved our **workplace quality** through the following measures: custom scaffolding; fall protection equipment and training; and safety policies and procedures. Other enhancements include improved video surveillance within the complex; and an upgraded fire alarm system. We've also partnered with Manitoba Hydro to sustain our energy efficiency program; and have developed a business continuity plan reaffirming our best practice approach to **business effectiveness**.

Thank you to the staff, management and Board of Directors of the Manitoba Centennial Centre Corporation for their vision, dedication and tireless efforts in supporting arts and culture in the province. We also thank our industry colleagues for their trust in the MCCC and, especially, to our audiences, to whom we are grateful for your ongoing support.

Yours sincerely,



Keith Hildahl, M.D.
Chair, Board of Directors



Bob Sochasky, CMA, FCMA
Chief Executive Officer

The Manitoba Centennial Centre Corporation's (MCCC) mandate under its enabling legislation "The Manitoba Centennial Centre Corporation Act" includes the administration of the Centennial Concert Hall and its related services, as well as the maintenance and development of the buildings and properties of the Centennial Centre. Properties of the MCCC include: the Manitoba Museum, Planetarium, Manitoba Theatre Centre, Warehouse Theatre, Artspace building, 11 Lily Street and four parking facilities. The MCCC also manages the operations of the Centennial Concert Hall and Manitoba Production Centre and offers a variety of programs and presentations in the visual and performing arts.

The facilities' operating program continues to strive for a high standard of building services and maintenance. Preventative plant maintenance programs are ongoing and new programs for better services and cost effectiveness, particularly in areas involving energy costs, are emphasized wherever possible. In compliance with a Government of Manitoba directive, the MCCC has adopted a Sustainable Development Policy for its operations. Liaison with various departments and agencies of the provincial government continues to assist in the operation of the Corporation.

Centennial Concert Hall

The Centennial Concert Hall hosted 195 performances during the 2006-07 Season in comparison to 166 during the 2005-06 Season.

Performance highlights included:

- Alice Cooper (May)
- *Chicago* (July)
- Glen Miller Orchestra (August)
- Hall and Oates (August)
- *The Phantom of the Opera* (September - October)
- *Just for Laughs* (November)
- *Jesus Christ Superstar* (January)
- The Rankin Family (January)
- Chantal Kreviazuk - University of Winnipeg Fundraiser (February)
- Lyle Lovett (March)
- *The Producers* (March)

Resident Tenants

The Corporation's three resident tenants, Manitoba Opera, Royal Winnipeg Ballet and the Winnipeg Symphony Orchestra, presented a full season of concerts and performances.

Manitoba Opera captivated audiences with powerful performances of *The Marriage of Figaro*, *Die Fledermaus* and their special concert event, *Belle Voci*.

The Royal Winnipeg Ballet delighted audiences of all ages with their debut of *Peter Pan* and adaptations of beloved classics: *Swan Lake*, *A Cinderella Story* and *The Magic Flute*.

The Winnipeg Symphony Orchestra continued its fine tradition of inspiring and entertaining patrons with their varied series, including: Masterworks, Musically Speaking, WSO Pops, Classically Hip, Sundays with the Family and Sundays at the Symphony. They also offered five concerts during their "New Music Festival" in February.

Piano Nobile Gallery

The Piano Nobile Gallery continued to feature diverse works by celebrated Manitoban artists in 2006-07. Beautiful paintings, inspiring photography, rich abstracts and striking weavings accented the grand Piano Nobile with their rich colour and local flavour.

The MCCC was saddened by the loss of volunteer Piano Nobile Gallery art curator, Arnold Ross, in November. Mr. Ross was a fixture in the Winnipeg arts community and we are grateful for his 15 years of service. The MCCC will continue his legacy through, local artist, Neil Kolton, as the newly appointed volunteer curator of the Gallery. Neil's vibrant paintings graced the walls of the Piano Nobile this past season and the MCCC is delighted to have a man of his considerable expertise in the position.

Manitoba Production Centre

The Manitoba Production Centre was used extensively during the 2006-07 fiscal year. Our clients included:

- Beast Productions
- Film Training Manitoba
- Frantic Films
- Green Tulip Productions Canada Inc.
- Three Sticks Productions
- Manitoba Hydro
- OP Beach 11 Inc.
- Walk All Over Me Manitoba Inc.

Capital Program

During the year, \$523,244 was expended on capital projects that were financed through capital grants from the Province of Manitoba. An additional \$656,561 was invested in capital assets for building renovations and equipment. These capital assets were financed through operations and deferred contributions. A summary outlining the capital assets and expenditures is included in the attached financial statements.

Manitoba Centennial Foundation of the Future Fund

The Foundation of the Future Fund was established in 1969 as a way to honour arts and culture in Manitoba. Children who were born on six specific dates in Manitoba's centennial year (1970) were invited to meet in the year 2000 to propose a specific project that would be unique to the province. The resulting committee chose to provide bursaries to Manitoba schools to promote youth arts education.

The Corporation is pleased to report that Rossburn Collegiate received the "Manitoba Centennial Foundation of the Future Fund" in the 2006-07 Season.

The fund currently has a balance of \$50,846 as of March 31, 2007.

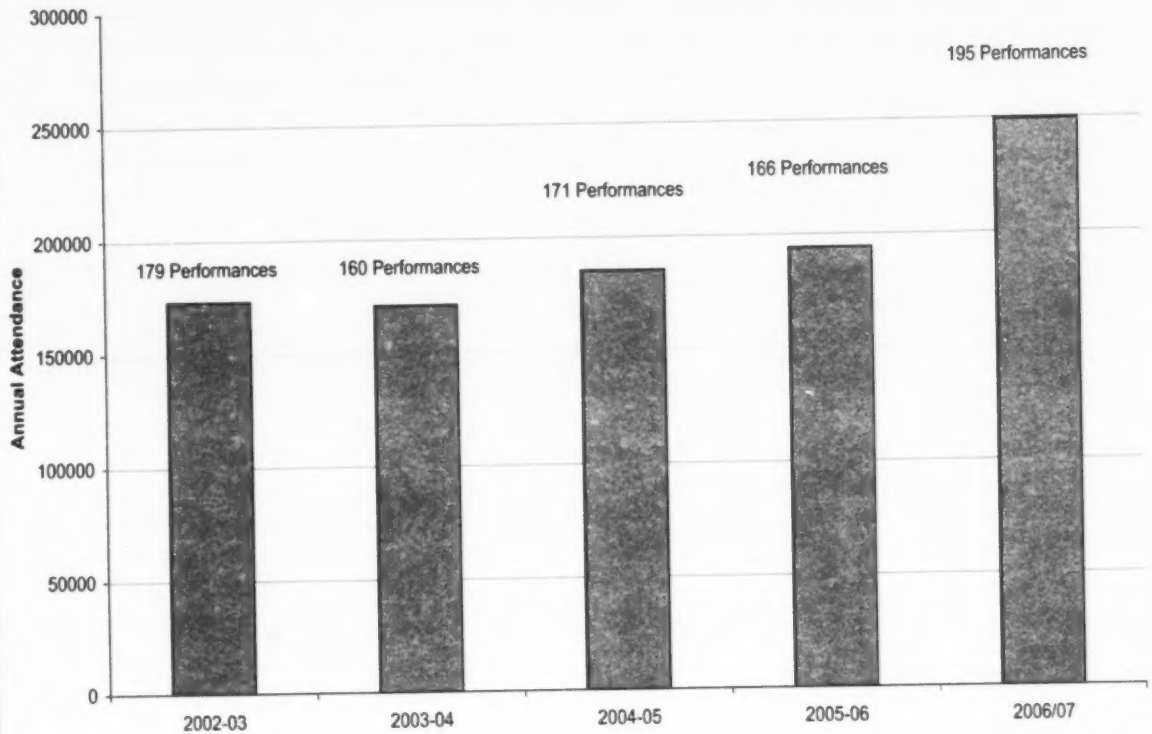
Maitland Steinkopf Youth Fund

The Maitland Steinkopf Youth Fund was established in 1972 to provide scholarships for talented young Manitobans who require help in furthering their experience and/or training in specific projects in the arts. This fund enables them to attend shows at reduced rates to learn more about performance and visual arts.

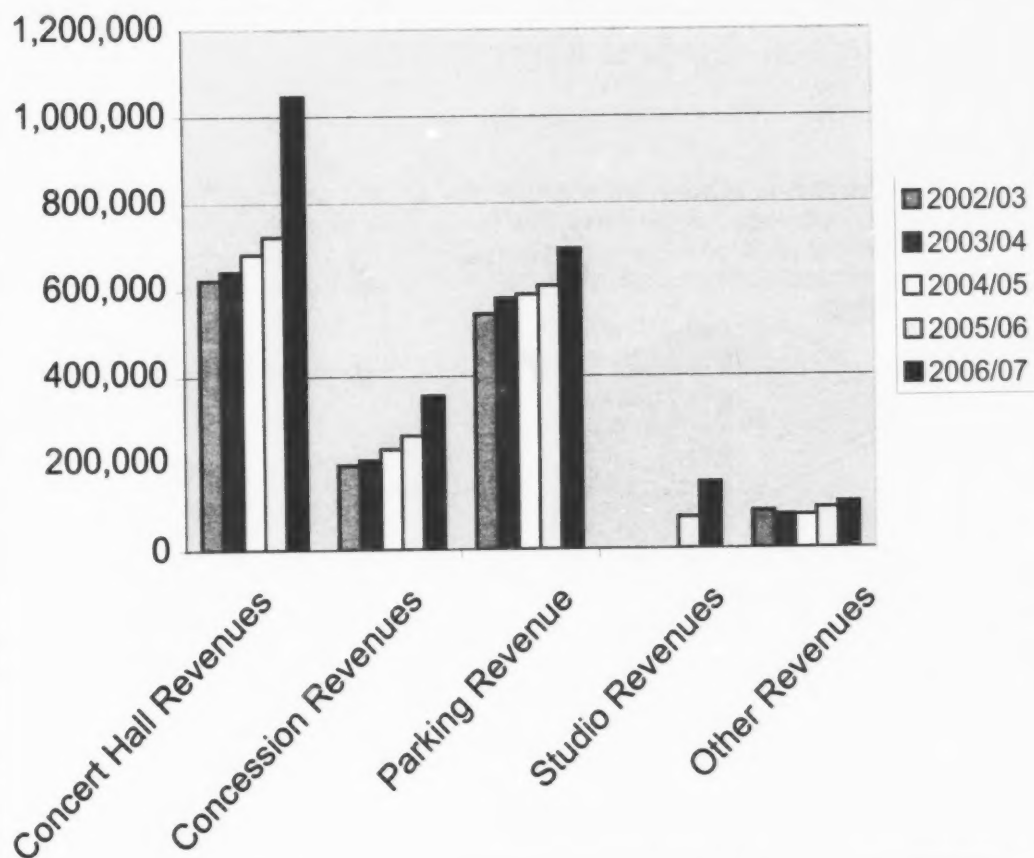
The Winnipeg Youth Orchestra and Girl Guides benefited from the fund in the 2006-07 Season.

The fund has a balance of \$64,410 as of March 31, 2007

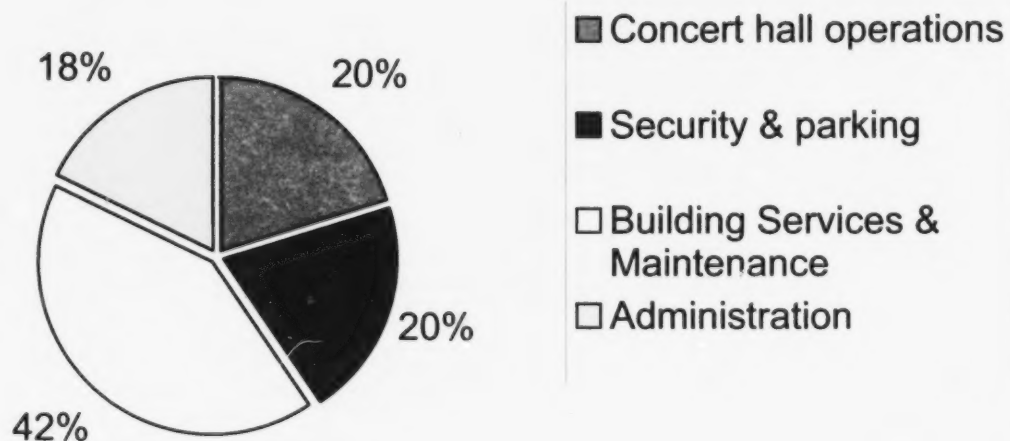
Manitoba Centennial Centre Corportion
Annual Attendance & Performance Comparison
For Five Years Ended March 31, 2007



**Manitoba Centennial Centre Corporation
Revenues from Operations
For Five Year Ended March 31, 2007**



**Manitoba Centennial Centre Corporation
Salaries & Benefits Costs
For Year Ended March 31/07**



Management Report

The accompanying financial statements of the Manitoba Centennial Centre Corporation (the "Corporation") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting standards. These standards have been applied on a basis consistent with that of the preceding year. In management's opinion, the financial statements have been properly prepared with reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available up to May 4, 2007.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that the assets of the Corporation are properly safeguarded.

The responsibility of the Office of the Auditor General is to express an independent, professional opinion on whether the financial statements of the Corporation are fairly presented in accordance with Canadian generally accepted accounting standards. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,



Bob Sochasky, CMA, FCMA
Chief Executive Officer



Laura Proulx, CMA
Director of Finance and Administration



AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of the Manitoba Centennial Centre Corporation

We have audited the statement of financial position of the Manitoba Centennial Centre Corporation as at March 31, 2007 and the statement of operations and changes in fund balances, the statement of cash flows and the statement of capital projects for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 4, 2007

Manitoba Centennial Centre Corporation

Statement of Financial Position

March 31

2007

2006

General Fund

Assets

Current

Cash and bank	\$ 349,406	\$ 431,231
Term deposits - Province of Manitoba	537,886	710,903
Accounts receivable	145,397	166,309
Operating grant receivable		
- Province of Manitoba	-	70,000
Capital grant receivable		
- Province of Manitoba	182,358	-
Inventory	26,241	20,963
Prepaid expenses	77,308	66,134
	<u>1,318,596</u>	<u>1,465,540</u>
Accounts receivable - pension		
- Province of Manitoba (Note 6)	5,069,000	4,862,000
Accounts receivable - vacation		
- Province of Manitoba (Note 5)	199,964	199,964
Accounts receivable - severance		
- Province of Manitoba (Note 4)	307,561	307,561
Capital Assets (Note 7, 17)	566,612	-
	<u>6,143,137</u>	<u>5,369,525</u>
	<u>7,461,733</u>	<u>6,835,065</u>

Restricted Funds (Note 10)

Assets

Current

The Maitland Steinkopf Youth Fund		
Term deposit - Province of Manitoba	64,410	64,644
The Manitoba Centennial Foundation of the Future Fund		
Term deposit - Province of Manitoba	50,846	51,297
	<u>115,256</u>	<u>115,941</u>
	<u>\$ 7,576,989</u>	<u>\$ 6,951,006</u>

Commitments (Note 6)

See accompanying notes to the financial statements.

Manitoba Centennial Centre Corporation
Statement of Financial Position (continued)

March 31

2007

2006

General Fund

Liabilities

Current

Accounts payable and accrued liabilities	\$ 438,550	\$ 486,342
Accrued vacation liability (Note 5)	204,520	221,258
Capital advances (Note 11)	100,000	281,698
Deferred income and rental deposits	<u>34,389</u>	<u>35,797</u>
	<u>777,459</u>	<u>1,025,095</u>
Pension liability (Note 6)	5,069,000	4,862,000
Accrued severance pay (Note 4)	433,099	424,894
Deferred contributions (Note 8, 17)	370,320	-
Provision for deductible costs on insurance claims (Note 12)	<u>15,000</u>	<u>15,000</u>
	<u>5,887,419</u>	<u>5,301,894</u>
	<u>6,664,878</u>	<u>6,326,989</u>

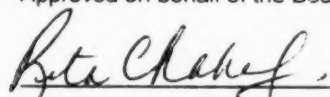
Fund Balances

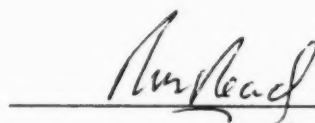
Restricted Funds (Note 10)

Funds retained

The Maitland Steinkopf Youth Fund	64,410	64,644
The Manitoba Centennial Foundation of the Future Fund	<u>50,846</u>	<u>51,297</u>
	<u>115,256</u>	<u>115,941</u>
Investment in Capital Assets (Note 9)	<u>196,292</u>	-
Unrestricted funds		
Surplus from operations	<u>600,563</u>	<u>508,076</u>
	<u>\$ 7,576,989</u>	<u>\$ 6,951,006</u>

Approved on behalf of the Board

 Director

 Director

See accompanying notes to the financial statements.

Manitoba Centennial Centre Corporation

Statement of Operations and Changes in Fund Balances

Year Ended March 31, 2007

	<u>Operating</u>	<u>Capital</u>	<u>Total 2007</u>	<u>Total 2006 (Note 18)</u>
Revenues				
Concert Hall	\$ 1,045,977	\$ -	\$ 1,045,977	\$ 722,454
Studio Rental	153,235	-	153,235	72,165
Bar and concession sales	355,683	-	355,683	263,481
Parking fees	693,732	-	693,732	608,740
Miscellaneous	105,933	-	105,933	93,322
	<u>2,354,560</u>	<u>-</u>	<u>2,354,560</u>	<u>1,760,162</u>
Province of Manitoba grants				
Operating	2,875,800	-	2,875,800	2,914,100
Amortization of deferred contributions (Notes 8 and 17)	-	65,036	65,036	-
Pension (Note 6)	201,541	-	201,541	(28,990)
	<u>3,077,341</u>	<u>65,036</u>	<u>3,142,377</u>	<u>2,885,110</u>
City of Winnipeg grant				
Strategic Economic Development Grant	29,725	-	29,725	26,416
Recoveries of expenses	231,217	-	231,217	179,684
	<u>260,942</u>	<u>-</u>	<u>260,942</u>	<u>206,100</u>
Total revenues, grant and recoveries	<u>5,692,843</u>	<u>65,036</u>	<u>5,757,879</u>	<u>4,851,372</u>
Expenses				
Administration and general	555,759	-	555,759	432,907
Amortization of capital assets	-	89,949	89,949	-
Bar and concession operations	194,197	-	194,197	148,372
Building services and maintenance	1,205,645	-	1,205,645	1,205,925
Host services and special projects	245,066	-	245,066	213,155
Manitoba Production Centre	221,947	-	221,947	235,571
Parking services	189,070	-	189,070	190,142
Pension (Note 6)	380,799	-	380,799	147,077
Security services	425,925	-	425,925	431,115
Stage operations	361,879	-	361,879	304,768
	<u>3,780,287</u>	<u>89,949</u>	<u>3,870,236</u>	<u>3,309,032</u>
Expenses incurred on behalf of the Manitoba Museum (Note 13)	<u>1,605,891</u>	<u>-</u>	<u>1,605,891</u>	<u>1,447,011</u>
Total expenses - per schedule	<u>5,386,178</u>	<u>89,949</u>	<u>5,476,127</u>	<u>4,756,043</u>
Excess (deficiency) of revenues over expenses prior to bad debt recovery	306,665	(24,913)	281,752	95,329
Bad debt recovery	<u>7,027</u>	<u>-</u>	<u>7,027</u>	<u>10,728</u>
Excess (deficiency) of revenues over expenses	313,692	(24,913)	288,779	106,057
Interfund transfers	<u>(221,205)</u>	<u>221,205</u>	<u>-</u>	<u>-</u>
	92,487	196,292	288,779	106,057
Fund balance, beginning of year	<u>508,076</u>	<u>-</u>	<u>508,076</u>	<u>402,019</u>
Fund balance, end of year	<u>\$ 600,563</u>	<u>\$ 196,292</u>	<u>\$ 796,855</u>	<u>\$ 508,076</u>

See accompanying notes to the financial statements.

Manitoba Centennial Centre Corporation

Statement of Cash Flows

Year Ended March 31

2007

2006

Increase (decrease) in cash

Operating		
Excess of revenues over expenses	\$ 288,779	\$ 106,057
Amortization of Deferred Contributions	(65,036)	-
Amortization	<u>89,949</u>	<u>-</u>
	313,692	106,057
Changes in non-cash working capital items		
Accounts receivable	20,912	(45,438)
Operating grant receivable	70,000	(70,000)
Inventory	(5,278)	11,035
Prepaid expenses	(11,174)	(9,724)
Accounts payable and accrued liabilities	114,877	(107,591)
Deferred income and rental deposits	(1,408)	18,917
Accrued vacation liability	(16,738)	25,675
Accrued severance pay	<u>8,205</u>	<u>26,573</u>
	<u>493,088</u>	<u>(44,496)</u>
Investing		
Purchase of capital assets	<u>(656,561)</u>	<u>-</u>
Financing		
Capital asset grants - Province of Manitoba	130,227	-
Capital expenditures grants - Province of Manitoba	464,316	477,962
Capital expenditures	<u>(685,912)</u>	<u>(816,954)</u>
	<u>(91,369)</u>	<u>(338,992)</u>
Net decrease in cash and cash equivalents	(254,842)	(383,488)
Cash and cash equivalents, beginning of year	<u>1,142,134</u>	<u>1,525,622</u>
Cash and cash equivalents, end of year	\$ <u>887,292</u>	\$ <u>1,142,134</u>
Represented by:		
Cash and bank	\$ 349,406	\$ 431,231
Term deposits - Province of Manitoba	<u>537,886</u>	<u>710,903</u>
	\$ <u>887,292</u>	\$ <u>1,142,134</u>

See accompanying notes to the financial statements

Manitoba Centennial Centre Corporation **Statement of Capital Projects**

Year Ended March 31

2007

2006

Capital Expenditures

Air plenum repairs	\$ 309,470	\$ -
Electrical/mechanical maintenance	-	52,784
Elevator	-	100,974
Emergency lighting	-	49,828
Equipment and furnishings	-	230,822
Exterior lighting	-	120,794
Handicap ramp	213,774	-
Parking development	-	119,922
Stage sound	-	301,585
	<u>523,244</u>	<u>976,709</u>

Capital Grants - Province of Manitoba

Received during the year	(341,546)	(477,962)
Advances for next year	100,000	281,698
Advances from previous years	<u>(281,698)</u>	<u>(780,445)</u>
Recoverable	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Manitoba Centennial Centre Corporation **Schedule of Operating Expenses**

Year Ended March 31

2007

2006
(Note 18)

Administration and general		
Salaries and employee benefits	\$ 459,259	\$ 371,918
Insurance	93,411	81,750
Telephone and fax	19,746	14,564
Audit and legal	24,443	20,132
Other	144,732	90,232
Payroll service	5,566	5,028
	<u>747,157</u>	<u>583,624</u>
Bar and concession operations		
Salaries and employee benefits	78,636	57,289
Cost of goods sold	109,243	80,135
Other	6,318	10,948
	<u>194,197</u>	<u>148,372</u>
Building services and maintenance		
Salaries and employee benefits	1,148,173	1,149,278
Utilities	887,958	893,004
Repairs, maintenance and supplies	439,846	314,446
	<u>2,475,977</u>	<u>2,356,728</u>
Host services and special projects		
Salaries and employee benefits	223,266	193,997
Other	21,800	19,158
	<u>245,066</u>	<u>213,155</u>
Manitoba Production Centre		
Salaries and employee benefits	11,632	15,956
Administration Costs	35,189	58,077
Repairs, maintenance and supplies	39,363	33,460
Property taxes	81,655	69,385
Utilities	54,108	58,693
	<u>221,947</u>	<u>235,571</u>
Parking services		
Salaries and employee benefits	126,234	112,605
Agency fees and expenses	53,406	70,481
Other	9,430	7,056
	<u>189,070</u>	<u>190,142</u>
Pension (Note 6)	<u>470,480</u>	<u>239,079</u>
Security services		
Salaries and employee benefits	466,903	468,006
Other	13,502	16,598
	<u>480,405</u>	<u>484,604</u>
Stage operations		
Salaries and employee benefits	297,180	274,310
Repairs, supplies and equipment	64,699	30,458
	<u>361,879</u>	<u>304,768</u>
Total expenses	<u>5,386,178</u>	<u>4,756,043</u>
Less: Expenses incurred on behalf of the Manitoba Museum (Note 13)	<u>1,605,891</u>	<u>1,447,011</u>
Net expenses	<u>\$ 3,780,287</u>	<u>\$ 3,309,032</u>

See accompanying notes to the financial statements.

Manitoba Centennial Centre Corporation

Notes to the Financial Statements

March 31, 2007

1. Nature of the Corporation's operations

The Manitoba Centennial Centre Corporation was established in 1968 for the development and management of the permanent arts centre in the City of Winnipeg as the principal memorial in the Province to the centennial anniversaries of the Confederation of Canada and the inclusion of Manitoba as a Province. Its aim and objectives are to maintain and enhance the properties and facilities available to organizations and individuals involved in various elements of the visual and performing arts. The Corporation is exempt from income taxes under Section 149(1) of the Income Tax Act.

2. Properties of the Corporation

The Corporation oversees the properties of the Centre on behalf of the Province of Manitoba. At March 31, 2007 registered titles to these properties, being the Concert Hall, Manitoba Production Centre, parkade, parking lots and other buildings, are held by the Province of Manitoba. These properties are made available at no direct charge to the Corporation.

The Corporation has included the Manitoba Production Centre financial results within these statements as per the Letter of Understanding between Manitoba Culture, Heritage and Tourism and the Manitoba Centennial Centre Corporation, in which the Corporation agreed to manage the Manitoba Production Centre for the Province.

3. Summary of significant accounting policies

Fund accounting

The Corporation's financial statements have been prepared on a fund basis, using Canadian generally accepted accounting principles. The Corporation follows the deferral method of accounting.

The general fund is used to account for the operations of the Corporation.

The capital asset fund reports the assets, liabilities, revenues and expenses related to capital assets other than buildings that are funded by the Province of Manitoba (Note 9)

In 1972, the Corporation established the Maitland Steinkopf Youth Fund with an original allocation of \$25,000. The major purpose of this fund is to promote cultural opportunities for Manitoba youths at reasonable costs (Note 10)

In 1969, the Corporation established the Foundation of the Future Fund in recognition of Manitoba's centennial year. The terms of the Fund's establishment provide that the committee of the fund will be composed of children born on six special dates in the year 1970. Based on the number of children born on these dates, the Corporation allocated \$3,050 to the Fund (Note 10)

Manitoba Centennial Centre Corporation

Notes to the Financial Statements

March 31, 2007

3. Summary of significant accounting policies (continued)

Pension costs

Pension payments are recognized as operating expenses as payments are made under provisions of The Manitoba Civil Service Superannuation Act. The provisions of this Act require the Corporation to contribute 50% of the pension payments being made to retired employees. In addition, a provision has been recorded in the accounts of the Corporation for current and past service pension obligations.

Term deposits

Term deposits are recorded at cost plus accrued interest.

Inventory

Inventory is valued at the lower of cost, using the first in first out method, and net realizable value.

Use of estimates

In preparing the financial statements of the Corporation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Capital assets

Capital assets are recorded at cost and are being depreciated using the straight-line method over their estimated useful lives as follows:

Office renovations	10%
Stage equipment	20%
Office furniture	20%

Cash and bank

Cash and bank include cash on hand, balances with banks and net of bank overdrafts.

Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue is recognized when services are rendered and when collectibility is reasonably assured.

Manitoba Centennial Centre Corporation

Notes to the Financial Statements

March 31, 2007

4. Severance pay benefits

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees.

Severance pay, at the employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 23 years) by the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

The Province of Manitoba has accepted responsibility for the severance pay benefits of \$307,561 which represents the amount accumulated to March 31, 1998 by the employees of the Corporation. Accordingly, the Corporation recorded, effective April 1, 1998, a receivable to the amount of \$307,561 from the Province of Manitoba, which is an amount that is equal to the estimated liability for accumulated severance pay benefits at March 31, 1998. This receivable from the Province of Manitoba has no terms of repayment.

5. Vacation pay liability

In years prior to 2001, the Corporation recorded the estimated liability and the related expense for accumulated vacation pay benefits to its employees. In 2001, the Corporation was advised by the Province of Manitoba that the Province has accepted responsibility for the vacation pay liability accumulated to March 31, 1995 which amounts to \$199,964. Accordingly, the Corporation recorded, in 2001, a receivable to the amount of \$199,964 from the Province of Manitoba with retroactive restatement of prior periods. This receivable from the Province of Manitoba has no terms of repayment.

6. Pension liability

The Corporation records the actuarial pension liability and the related pension expense in their financial statements. Based on an actuarial report dated December 31, 2004, the unfunded liability for the Corporation's employees, calculated on an indexed basis, amounted to \$5,069,000 as at March 31, 2007 (2006 - \$4,862,000). For the year ended March 31, 2007, the Corporation recorded a pension liability of \$5,069,000 (2006 - \$4,862,000) and the related pension expense of \$470,480 (2006 - \$239,079).

Since the Province of Manitoba is responsible for the pension liability and the related expense, the Corporation adjusted the amount receivable from the Province of Manitoba to \$5,069,000 (2006 - \$4,862,000) by recording a related revenue of \$201,541 (2006 - related expense of \$28,990). This receivable from the Province of Manitoba has no terms of repayment.

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Notes to the Financial Statements

March 31, 2007

6. Pension liability (continued)

Provision for employer's share of employer's share of employees' pension plan:

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 4,862,000	\$ 4,888,000
Adjustment for December 31, 2004 Actuarial Report	-	(212,700)
Increase in trust account held by the Civil Service		
Superannuation Fund	(19,190)	(19,324)
Benefits accrued	145,986	145,679
Interest accrued (7%, 2006: 7%)	346,443	325,217
Benefits paid	<u>(266,239)</u>	<u>(264,872)</u>
Balance, end of year	<u>\$ 5,069,000</u>	<u>\$ 4,862,000</u>

7. Capital assets

			<u>2007</u>	<u>2006</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office renovations	\$ 413,638	\$ 41,364	\$ 372,274	\$ -
Stage equipment	215,000	43,000	172,000	-
Office furniture	<u>27,923</u>	<u>5,585</u>	<u>22,338</u>	-
	<u>\$ 656,561</u>	<u>\$ 89,949</u>	<u>\$ 566,612</u>	<u>\$ -</u>

8. Deferred contributions

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ -	\$ -
Capital grants received	435,356	-
Less: Amortized to revenue	<u>(65,036)</u>	-
Balance, end of year	<u>\$ 370,320</u>	<u>\$ -</u>

Deferred contributions related to capital assets represents the unamortized amount of capital grants received for the purchase of depreciable capital assets.

The amortization of deferred contributions is recorded as revenue in the statement of operations on the same basis as the depreciation of the related capital assets acquired.

Manitoba Centennial Centre Corporation

Notes to the Financial Statements

March 31, 2007

9. Investment in capital assets

Investment in capital assets is calculated as follows:

	<u>2007</u>	<u>2006</u>
Capital assets (Note 7)	\$ 566,612	\$ -
Amounts financed by deferred contributions (Note 8)	<u>(370,320)</u>	<u>-</u>
	<u>\$ 196,292</u>	<u>\$ -</u>

10. Restricted funds

Restricted funds established and managed by the Corporation are as follows:

(a) The Maitland Steinkopf Youth Fund

Summary of transactions:	<u>2007</u>	<u>2006</u>
Fund balance, beginning of year	\$ 64,644	\$ 65,567
Investment income	2,526	1,752
Grant expense	<u>(2,760)</u>	<u>(2,675)</u>
Fund balance, end of year	<u>\$ 64,410</u>	<u>\$ 64,644</u>

(b) The Manitoba Centennial Foundation of the Future Fund

Summary of transactions:	<u>2007</u>	<u>2006</u>
Fund balance, beginning of year	\$ 51,297	\$ 52,407
Investment income	2,049	1,390
Grant expense	<u>(2,500)</u>	<u>(2,500)</u>
Fund balance, end of year	<u>\$ 50,846</u>	<u>\$ 51,297</u>

The Board of Directors have decided funds will be used toward an annual bursary program for those pursuing careers in the art.

11. Capital advances and commitments

The Corporation had contractual commitments at the end of 2007 for \$ nil (2006 - \$53,331) to complete capital improvements.

Capital funds in the amount of \$100,000 (2006 - \$281,698) were drawn in advance on projects awarded, but not completed by March 31, 2007.

Manitoba Centennial Centre Corporation

Notes to the Financial Statements

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12. Provision for deductible costs on insurance claims

The insurance program of the Corporation contains a deductible clause requiring the Corporation to pay the first \$5,000 on any claim with a maximum of \$15,000 in any one year. The Corporation has set aside a provision of \$15,000 and, as long as the conditions of the insurance coverage are unchanged, it will be maintained at this level.

13. Grant of service

The Manitoba Centennial Centre Corporation incurs expenses such as cleaning, utilities and maintenance on behalf of the Manitoba Museum. These expenses amount to \$1,605,891 for the year ending March 31, 2007 (2006 - \$1,447,011).

14. Financial instruments

The Corporation's financial instruments consist of cash, term deposits, accounts receivable and accounts payable. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

15. Economic dependence

The Corporation is economically dependent on funding received from the Province of Manitoba.

16. Retained earnings policy

The Board of Directors of Manitoba Centennial Centre Corporation has authorized management to plan for the following policy effective the 2007-2008 fiscal year. There will be a three to five year window to achieve this goal. The Corporation has set a retained earnings goal of \$775,000 operating fund surplus which excludes any restricted funds identified on the MCCC balance sheet. The target is based on a three month budget of \$3.1 million for salaries and benefits for the 2006-2007 fiscal year. The goal will be reviewed every five years.

Manitoba Centennial Centre Corporation

Notes to the Financial Statements

March 31, 2007

17. Change in method of accounting for capital assets

During 2007, the Corporation changed its accounting policy for the treatment of capital assets other than buildings that are funded by the Province of Manitoba. Previously, the Corporation recorded such costs on the statement of capital projects. The Corporation is now capitalizing these costs as incurred in accordance with CICA HB section 4430. This change in accounting policy has not been accounted for retrospectively, since it is impracticable to obtain information to determine the effect on prior periods. The effect of the change on 2007 is an increase in capital assets of \$566,612, an increase in deferred contributions of \$370,320, an increase in amortization of deferred contributions of \$65,036 and an increase in amortization expense of \$89,949.

18. Comparative figures

Certain of the 2006 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2007.

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